

Message Text

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ACTION TRSE-00

INFO OCT-01 ARA-06 ISO-00 AGR-05 CIAE-00 COME-00 EB-07

INR-07 LAB-04 NSAE-00 RSC-01 SP-02 STR-01 CIEP-01

FRB-01 OMB-01 TAR-01 L-02 /040 W

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P 172142Z JAN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 9565

LIMITED OFFICIAL USE BUENOS AIRES 0402

E.O. 11652: N/A

TAGS: ETRD, AR

SUBJ: COUNTERVAILING DUTIES: ARGENTINE FOOTWEAR

REF: A. BA 0140; B. STATE 11658; C. BA 9284

1. ON JAN 16 COMATT WAS INVITED TO DISCUSS THE COUNTERVAILING DUTY SITUATION WITH VARTALITIS AND THE UNDERSECRETARY FOR PROGRAMMING AND COORDINATION OF THE MIN OF ECON, DR. RAMON R. VALLADARES. THEY SAID THEY HAD HEARD FROM THE ARGENTINE EMBASSY IN WASHINGTON THAT LAWYERS FOR SOME US SHOE IMPORTERS HAD HELD DISCUSSIONS WITH TREASURY OFFICIALS, WHO HAD INDICATED THAT THE PROPOSED GOA SYSTEM FOR FINANCING THE SHOE INDUSTRY (AS OUTLINED IN REFTTEL) MIGHT BE ACCEPTABLE. VALLADARES AND VARTALITIS SAID THEY VERY MUCH HOPED THAT THIS WAS THE CASE SINCE THEY COULD THINK OF NO OTHER WAY OF PERMITTING SHOE EXPORTS TO CONTINUE. THEY ASKED THAT EMBASSY CONFIRM THIS INFORMATION URGENTLY.

2. THE ARGENTINE OFFICIALS EMPHASIZED THAT THEY ARE GETTING STEADILY INCREASING PRESSURE FROM THE FOOTWEAR INDUSTRY AND FROM BUSINESS ORGANIZATIONS. THERE WAS SOME PRODUCTION SLACK AVAILABLE AT THE BEGINNING OF THE SUMMER SEASON BECAUSE AT LEAST SOME OF THE FACTORIES WERE ABLE TO CLOSE DOWN FOR A SHORT PERIOD TO GIVE THEIR WORKERS A HOLIDAY. HOWEVER THIS HAS

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COME TO AN END. THE OFFICIALS SAID THAT UNLESS THE SITUATION

IS SOLVED SHORTLY, A CONSIDERABLE NUMBER OF FOOTWEAR MANUFACTURERS WHO HAVE BASED THEIR PLANS AND INVESTMENTS ON EXPORTS WILL BE PUT OUT OF BUSINESS. THIS THEY ADDED WOULD CAUSE SERIOUS REPERCUSSIONS. THE EMBASSY HAS HEARD THE SAME THING FROM PRIVATE INDUSTRY SOURCES. THEY TOLD US THAT IT IS IMPOSSIBLE TO SELL ON THE DOMESTIC MARKET (OR IN MOST OTHER FOREIGN MARKETS) SHOES PRODUCED FOR EXPORT TO THE US.

3. THE ABOVE CONVERSATION WAS HELD OF COURSE BEFORE RECEIPT OF REF B. REF B DOES NOT REFER TO REF A, AND WE ARE THEREFORE NOT SURE WHETHER THE PROPOSAL OUTLINED IN BROAD TERMS IN REF A SEEMS WORTH DEVELOPING FURTHER. ON SEVERAL OCCASIONS, WHEN EMB OFFICERS HAVE URGED GOA OFFICIALS TO PRESENT DETAILED PLAN OF OPERATIONS FOR CIFEN, THEY HAVE SAID FIRST THEY WOULD LIKE TO RECEIVE SOME INDICATION FROM TREASURY AS TO WHETHER THE BASIC IDEA IS ACCEPTABLE. THEY ASKED WHETHER SOME OF THE OBJECTIVES OF THE FINANCING SYSTEM GIVEN IN DRAFT DECREE QUOTED IN REF C MIGHT NOT BE ACCEPTABLE. EMBASSY REQUEST ASAP INFORMATION TO RESPOND TO THIS POINT AS WELL AS TO GOA INQUIRY IN PARA 1 ABOVE. DECON 1/17/76.
HILL

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Message Attributes

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Margaret P. Grafeld
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